

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: March 15, 2018

TO: Supervisor Peggy A. West, Chair, Committee on Finance and Audit

FROM: Teig Whaley-Smith, Director, Department of Administrative services

SUBJECT: File 18-67A – B1: Funding to address unanticipated challenges associated with the development of a permanent supportive housing project located at 1004 N. 10th St., Milwaukee

Request

Previously the Milwaukee County Board of Supervisors passed Resolution 14-841 which instructed the DAS-Economic Development Division (ED Division) to work with nonprofit developer, Heartland Housing, Inc., (Heartland) and the St. Ben's Community Meal Program to develop a redevelopment strategy for the former Community Correctional Center Building (CCC). The Board then passed Resolution 14-939, authorizing the County to sell the CCC to Heartland for \$10,000 while also allocating \$1,800,000 to provide funding for the redevelopment of the CCC or provide funding for the demolition of the CCC in a new capital improvement project. The Board later passed Resolution 16-506, extending the option to purchase agreement with the developer. The sale of the property has since been completed. The project includes a DBE goal of 25% and a residential hiring goal of 40%.

Since the project has commenced two unanticipated development challenges have been uncovered which need to be addressed. Both issues are related to separating the use and ownership of the Medical Examiner's building from the CCC, which historically operated as a single complex. Heartland is working in partnership with County staff to address both issues. Estimates work range from \$173,500 to 198,500. A total of \$250,000 is being requested to address any contingencies, permits and inspections that may be needed. The challenges are as follows:

1. Separating Basement Fire Wall. Life safety improvements are necessary to create a firewall barrier between the former CCC currently under development and the adjoining Medical Examiner's Building (ME). An estimate for the work anticipates a cost of \$48,500, not including contingency.
2. Separating Transformers. Although separating the electrical systems is being performed by Heartland, neither Heartland, nor the County, were aware that the only available transformer to connect to is in the ME Building. Currently the CCC and adjoining ME receive electrical service from a single utility vault in the basement of the ME. In consultation with Milwaukee County Architecture and Engineering staff and the developer, DAS recommends decoupling electrical services between the properties. 2 high voltage cables will be intercepted prior to them entering the vault by installing a Switch Fuse Unit. The Switch Fuse Unit is 7 Ft by 7 Ft and would require some service space as well. This Option would cost between \$125,000 to \$150,000. The Switch Fuse Unit requires 23 Ft x 14 Ft of operating space and must be protected

- by bollards which makes the required space 24 Ft x 15 Ft. In addition to the Switch Fuse Unit, Heartland would still need a transformer.
- 3.
 4. Decoupling will ensure complete control and access for each owner, both now and in the future. Maintaining the single vault, will inhibit Milwaukee County's plans to completely vacate the ME Building.

Decoupling electrical service requires working with WE Energies to install a switch fuse unit (SFU) on site at a cost of approximately \$125,000 to \$150,000, without contingency. Depending on placement of the SFU additional impacts may be incurred by the development, including reductions in on-site parking and the need to re-align electrical conduit in the former CCC to the new electrical source.

The CCC Site

The CCC, currently under construction includes a formerly vacant and secured 5-story structure that is physically connected to the Medical Examiner's facility.



Figure 1: CCC Building Site



Figure 2: Building from N 10th St



Figure 3: Redeveloped permanent supportive housing facility

Project Overview

Heartland Housing is a 501(c)(3) that develops and manages sustainable, innovative and high-quality affordable housing. Heartland specializes in identifying emerging housing needs and meets them with life-changing opportunities for residents. Heartland manages 850 units of housing throughout the region, including over 100 units in Milwaukee. Key to Heartland's approach is partnering with residents and other stakeholders to develop a comprehensive approach to housing, community and services. Heartland successfully partnered with St. Ben's to build Capuchin Apartments on Milwaukee's Northside.

Through the redevelopment of the CCC site, Heartland Housing will partner with the St. Ben's Community Meal Program to create 59 permanent affordable housing units for low- and very-low income residents that are adjacent to the St. Ben's facility at 1027 W. State St. The project would also take an innovative approach to supportive housing through the co-location of the House of Correction's Day Reporting Center. The Day Reporting Center provides case management to help educate and train ex-offenders and aid in their transition back into the community after their release from a criminal justice facility.

The former CCC building was declared surplus in 2014 and it was anticipated to cost Milwaukee County \$1.8 million to demolish the structure. In the Board Resolutions referenced above, the County elected to devote this amount to the rehabilitation of the CCC to support the housing development, rather than to raze the structure.

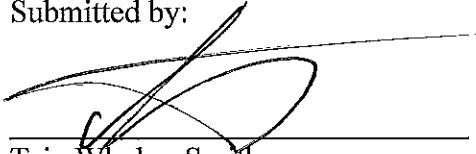
Recommendation

Staff recommends the County appropriate \$250,000 of unallocated contingency funds to address unanticipated development challenges associated with life safety improvements and decoupling

electrical service between the CCC and ME to ensure a permanent supportive housing and support services building may be completed at 1004 N. 10th Street, Milwaukee.

Prepared by: Aaron Hertzberg, Economic Development Director

Submitted by:

A handwritten signature in black ink, appearing to read 'Teig Whaley-Smith', is written over a horizontal line.

Teig Whaley-Smith

Director, Department of Administrative Services

cc: Raisa Koltun, County Executive's Office, Chief of Staff
Milwaukee County Board of Supervisors – Finance Committee
Margaret Daun, Corporation Counsel
Scott Manske, Comptroller
Jerry Heer, Director of Audits
Steve Cady, Research and Policy Director, Office of the Comptroller
Janelle Jensen, Committee Coordinator
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Rick Norris, Director, Community Business Development Partners
Michael Hafemann, Superintendent, House of Correction
Matt Melendes, Heartland Housing
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Bill Banach, County Architect